

# 15G - HOUSING/COMMUNITY DEVELOPMENT

## Operational Summary

### Mission:

To work in partnership with Orange County's diverse communities to preserve and expand affordable housing opportunities, strengthen economic viability and enhance the livability of neighborhoods.

### Strategic Goals:

- Increase and preserve affordable housing opportunities, especially for those most in need.
- Enhance the livability of the County's target neighborhoods.
- Strengthen economic viability of communities.

### Key Outcome Measures:

#### At a Glance:

Total FY 2000-2001 Actual Expenditure + Encumbrance:	19,736,856
Total Final FY 2001-2002 Budget:	48,301,040
Percent of County General Fund:	N/A
Total Employees:	124.00

Performance Measure	FY 2000-2001 Results	FY 2001-2002 Target	How are we doing?
<b>BY THE YEAR 2005, INCREASE AFFORDABLE HOUSING OPPORTUNITIES (AHO) IN ORANGE COUNTY (OC) BY 4,084.</b> <b>What:</b> AHO's include creating new and preserving existing affordable hsg units and adding hsg vouchers. <b>Why:</b> Increasing affordable housing opportunities will help bridge the gap in the OC housing market.	H&CD committed over \$8M for the development of over 600 affordable housing units through an RFP and Notice of Funding Availability. HUD awarded H&CD 740 additional Section 8 Housing Vouchers for up to \$5 M annually in monthly rental assistance payments.	Targets include issuing a \$10M Notice of Funding Availability (NOFA) for the development of 333 affordable housing units and applying for and receiving additional Housing Vouchers from HUD for rent subsidies.	H&CD has applied for 820 additional Housing Vouchers for FY 2001. Loan commitments, the second step in the multi-year process of affordable housing development, will be obtained for projects identified in the FY 00-01 RFP and NOFA processes. H&CD will be issuing the \$10M NOFA in early summer.
<b>HALT THE FURTHER DETERIORATION OF THE COUNTY'S NEIGHBORHOODS BY PROVIDING HOME IMPROVEMENT LOANS.</b> <b>What:</b> The Neighborhood Preservation Program provides loans for exterior home improvements such as painting. <b>Why:</b> Home and neighborhood revitalization directly contributes to higher levels of community pride.	H&CD completed 50 mobile home and 35 single-family home rehabilitations, 2 storm drain projects, 4 street improvements, and 3 community center rehab projects. These projects contributed to the enhancement of OC neighborhoods and are in support of the County's community revitalization efforts.	H&CD targets include providing loans, through the Neighborhood Preservation Program, to repair 50 mobile home units, 60 single family homes for Seniors and working families countywide and by completing construction of 6 public works projects worth over \$1 million in capital improvements.	To increase efficiencies, H&CD is developing strategies to monitor and implement changes in the Neighborhood Preservation Program. We are also increasing education efforts in the target areas in order to garner more support for the Neighborhood Revitalization efforts.

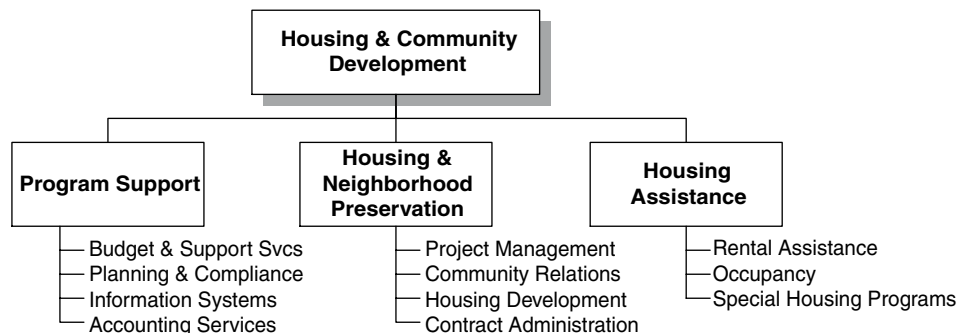
## Key Outcome Measures: (Continued)

Performance Measure	FY 2000-2001 Results	FY 2001-2002 Target	How are we doing?
<b>THE IMPACT OF COUNTY SUBSIDIZED HOUSING ON THE PERCENTAGE OF INCOME SPENT ON HOUSING PER HOUSEHOLD.</b> <b>What:</b> Increase the amount of County subsidized housing to help stabilize the OC affordable housing market. <b>Why:</b> A stable, affordable housing market in OC will make it possible for people to work and live in OC.	H&CD was awarded an increase in the Fair Market Rent limit. This increases the units available to rent by increasing the amount of client subsidy. H&CD also successfully competed for CalWORKs incentive funds to provide additional assistance in overcoming housing barriers faced by clients.	H&CD will reevaluate programs to maintain the 30% rent to income ratio and will maintain cooperation and collaboration with the other local Housing Authorities to optimize resources and alternatives for low-income renters. H&CD will also provide assistance to 220 families in the CalWORKs program.	As the CalWORKs program develops within H&CD, we are able to provide more housing assistance to a larger number of clients faster than ever. As a result, H&CD must reopen the Section 8 Program waiting list in the Spring of 2001 in order to utilize all of our available housing assistance vouchers.

## Fiscal Year 2000-01 Key Project Accomplishments:

- H&CD assisted over 20,000 Orange County residents (7,000 + Households) with monthly rent payments through the Section 8 rental assistance program, for a total disbursement of over \$50 million in annual rental subsidies to 3,500 participating property owners.
- The Family Unification Program, a cooperative effort between SSA and H&CD has leased up 170 families and thereby reunited over 350 children with their parents. Over the 4-years of the program 436 children were removed from Foster Care and reunited with their parents.
- H&CD was successful in receiving \$6.8 million in funds through the 1999 Homeless Continuum of Care Application Process. This resulted in funding for 83 new transitional beds, maintenance of 80 existing beds and over 4,000 families and individuals being served.
- H&CD made available \$500,000 in NDAPP funds in 2000 to assist eligible low and low-moderate income families in the unincorporated areas to meet down-payment requirements for homeownership up to \$25,000 or 10% of the purchase price of a home, whichever is less.
- As reported in the 1999-2000 Consolidated Annual Performance and Evaluation Report to HUD, 126 units (mobile home and single family home) were rehabilitated through H&CD's Neighborhood Preservation Program and various other programs.
- H&CD issued a \$10 million Rental Housing RFP and a Notice of Funding Availability (NOFA) in June 2000, for the purpose of funding new affordable rental housing in Orange County. Eight (8) proposals were received, which included over \$9 million in requested funds. Two (2) projects from the 1999 RFP and seven (7) projects from the 2000 RFP/NOFA were awarded funds in FY 00-01 for a total of over 650 units.
- H&CD developed the NOFA program designed to allow developers requesting \$20,000 or less per unit to apply for \$2 million in funds on a "first-come, first-serve" basis for affordable permanent rental development.

## Organizational Summary



**EXECUTIVE ADMINISTRATION** - Plans, organizes, administers and directs all functions related to the implementation of policies, programs and projects developed under legal authority granted to the Orange County Housing Authority, Community Development Block Grant and other similar federal, state and Orange County Development Agency funded programs. Has full authority for development and implementation of policies and objectives for all functions delegated to the Department. Includes Human Resources which is responsible for establishing an appropriate framework within the department so it can competitively attract and retain the best qualified employees while meeting appropriate laws and regulations. It also provides assistance in employee relations to ensure personnel standards and quality assurance.

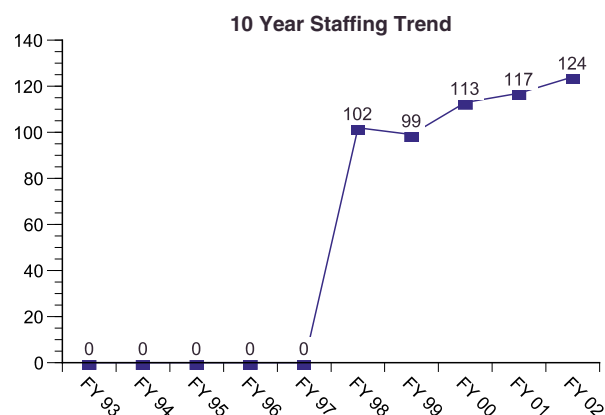
**PROGRAM SUPPORT** - The Program Support Division is responsible for administrative support services and overall H&CD program compliance and grant management. This function performs audit, compliance and legal notification procedures required by HUD for both the Housing & Neighborhood Preservation and Housing Assistance functions. It also conducts the Annual Application Review and Homeless Assistance Program application processes which are competitive processes by which funding is allocated to projects. This division also includes the following functions: outstationed accounting services, purchasing, facilities management, budget, payroll, petty cash, legislative analysis, computer services and general support services.

**HOUSING/NEIGHBORHOOD PRESERVATION** - The Housing and Neighborhood Preservation Division oversees Community Relations activities as well as eligible activities such as public infrastructure, housing rehabilitation, community development, preservation and improvement activities, and

local economic development through the administration of sub-recipient contracts funded through the CDBG, HOME, ESG, NDAPP and SuperNOFA programs. This division also oversees new housing development in the creation of multi-family rental and homeownership projects for low and very low-income families.

**HOUSING ASSISTANCE** - The Housing Assistance Division consists of the Rental Assistance/Leasing Section, the Residency/Occupancy Section and the Special Housing Programs Section. Primarily, this division performs the operations of the Housing Authority. The Housing Authority is responsible for the disbursement of over \$50 million in housing subsidies annually which is not reflected in the County's budget figures. In addition, the Housing Assistance Division operates special programs such as Family Self-Sufficiency, which is designed to assist families participating in the Section 8 Rental Assistance Program to become economically independent from public assistance, and Family Unification, which assists in the reunification of children with their parents.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Prior to FY 97/98, H&CD was a division of EMA with all of the associated positions budgeted in EMA's budget.
- H&CD staff expanded in FY 99/00 due to an organizational assessment performed by the CEO and an outside consultant. Staff was added to the following sections: 13 to the Housing Assistance activity and 1 to the Program Support activity.
- H&CD staff increased by 4 in FY 00/01 due to the expansion of the Shelter Plus Care program (1), and the creation of CalWORKs program (3). Both of these programs are in the Housing Assistance Division.
- In FY 01/02 H&CD staff increased by 7 due to an award of 740 additional housing vouchers for the Section 8 program. Six staff members were added to the Housing Assistance section and 1 was added to the Program Support section.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The budget is slightly lower than anticipated in the 2001 Strategic Plan due to a change in the calculation of H&CD's carry forward. In the FY 2001-2002 budget, H&CD netted the unexpended amount of funding against the prior and current year's encumbrances. This hadn't been done previously which, in past years, resulted in an inflated amount carried forward and re-appropriated. H&CD's large carry forward and negative fund balance is due, in part, to an increase in multi-year projects budgeted and encumbered at 100% in the first year. Multi-year projects budgeted this way include those funded by the SuperNOFA Homeless Assistance grant process and the block grant programs. They were budgeted this way to facilitate the County's progress toward its strategic goal in addressing housing, homelessness, and infrastructure needs.

Affordable housing development is one of the Board of Supervisors' top 10 Strategic Priorities for Year 2001. It was also identified as Orange County's highest priority need in the 1999/00 ARC funding process. As a result, over \$2 million in new block grant funding was allocated toward this

program in FY 2001-2002. Combined with over \$7 million appropriated in Fund 117 and the Redevelopment and General Fund commitments to affordable housing development, over \$20 million is available for new projects in FY 2001/2002. H&CD will continue to solicit projects through a Request for Proposal (RFP) and Notice of Funding Availability (NOFA) for development of affordable rental housing. The goal of the RFP and NOFA is to promote the development of permanent affordable rental housing for Orange County's very-low and low-income households by providing favorable financing.

During the 2000 Strategic Priority process, the Board of Supervisors and the CEO committed \$5 million from Fund 15B, CEO Single Family Housing, for the development of affordable housing. The funds will not be budgeted in 15G until the results of the 2001 NOFA are known. H&CD will adjust Fund 15G when the funds have been committed to projects and are expected to be spent.

### Changes Included in the Base Budget:

The Proposed Budget includes over \$7.1 million in new block grant funding and over \$19 million in carry forward block grant and SuperNOFA funding for projects currently in progress and not anticipated to be completed by the end of FY 00/01. The grant amount is up slightly from the FY 00/01 amount of \$6.9 million.

The increased Board emphasis on the development of affordable housing has also resulted in an increased allocation of Redevelopment funds. The project funds budgeted in Fund 15G are over \$8 million which is up from \$5 million in prior years. The H&CD budget also includes additional funds from Redevelopment budgets 171 and 428 for administrative charges.

Although H&CD submitted the 2000 SuperNOFA Continuum of Care application for \$8 million in projects, none of the awarded amount is reflected in H&CD's FY 01-02 Budget. This is due to the change in application from an H&CD consolidated application to an Associated Application. This change allows individual applicants to contract directly with HUD for their funding. Funds are still appropriated in Fund 15G for administration of the 1998 and 1999 contracts and in Fund 117 for the ongoing planning responsibilities of the SuperNOFA applications and the Continuum of Care system.

In September 2000, H&CD was awarded an additional 740 rental assistance Housing Vouchers by HUD for a revised allocation of 8,169 vouchers. This resulted in an additional 7 positions and \$500,000 in the Proposed Budget.

### Final Budget and History:

Sources and Uses	FY 1999-2000 Actual Exp/Rev <sup>(1)</sup>	FY 2000-2001 Final Budget	FY 2000-2001 Actual Exp/Rev <sup>(1)</sup>	FY 2001-2002 Final Budget	Change from FY 2000-2001 Actual	
					Amount	Percent
Total Positions	N/A	117	N/A	124	124	0
Total Revenues	16,554,153	47,127,946	14,830,929	55,011,918	40,180,989	271
Total Requirements	15,496,765	47,127,946	15,352,399	48,301,040	32,948,641	215
FBA	(7,865,413)	0	(7,045,158)	(6,710,878)	334,280	(5)

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2000-01 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: HOUSING/COMMUNITY DEVELOPMENT in the Appendix on page 494.

### Highlights of Key Trends:

- As the supply of affordable new and resale housing has decreased there is additional pressure for programs to address the needs of first time and low to moderate-income homebuyers.
- By the year 2005, the regional housing needs assessment for the unincorporated areas of Orange County calls for 22,687 additional housing units, about 7,000 of which should be affordable to very low and low income households. Of the 7,000 units, 2,950 units are needed for low-income households and 4,084 for very low-income households.
- One-third of Orange County residents either pay more than 30% of their income on housing, live in overcrowded units, live far from their workplace, or live in substandard or poorly maintained housing.
- Job and population growth are far outstripping housing supply.
- According to a 1998 study by the Center on Budget and Policy Priorities of 45 major metropolitan areas in the country, Orange County has the highest ratio of low income renters to low-cost housing units, with 4 low-income renters for every one low-cost unit.
- Many low-income families live in motels because those units do not require deposits and rent week to week.
- It is estimated that there are over 18,600 homeless persons in Orange County on any given night.
- As rents increase, landlords are less likely to participate in Section 8 rental assistance programs unless HUD subsidies are commensurate with market rates.

### Budget Units Under Agency Control

No.	Agency Name	EXECUTIVE ADMINISTRATION	PROGRAM SUPPORT	HOUSING/NEIGHBORHOOD PRESERVTN	HOUSING ASSISTANCE	TOTAL
117	OC HOUSING AUTHORITY- OPERATING RESERVE	28,293	120,000	7,921,957	170,279	8,240,529
15G	HOUSING/COMMUNITY DEVELOPMENT	2,245,427	2,808,844	37,796,480	5,450,289	48,301,040
	<b>Total</b>	2,273,720	2,928,844	45,718,437	5,620,568	56,541,569